

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 EA-10 ISO-00 EB-07 SP-02 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 H-02

XMB-04 OPIC-06 FTC-01 ARA-10 FEAE-00 NEA-09 AF-06

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EUR/RPE/WCLARK

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EUR/CAN/HHOLTON

TREASURY/JGRIFFIN (INFORMED)

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY BRUSSELS

AMEMBASSY STOCKHOLM

AMEMBASSY BERN

AMEMBASSY OTTAWA

AMEMBASSY TOKYO

AMEMBASSY CANBERRA

INFO USMISSION OECD PARIS

USMISSION EC BRUSSELS

UNCLAS STATE 107242

ATTN: AMBASSADOR

E.O. 11652: N/A

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UNCLASSIFIED

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SUBJECT: FOREIGN INVESTMENT STUDY ACT OF 1974

1. FOREIGN INVESTMENT STUDY ACT OF 1974, SIGNED INTO LAW
BY PRESIDENT OCTOBER 26, 1974, DIRECTS SECRETARIES OF

COMMERCE AND TREASURY TO CONDUCT COMPREHENSIVE STUDY OF FOREIGN DIRECT AND PORTFOLIO INVESTMENTS IN U.S. ACT REQUIRES BOTH DEPARTMENTS TO SUBMIT INTERIM REPORT TO CONGRESS BY END OCTOBER 1975 WITH FINAL REPORT BY END APRIL 1976.

2. TO MEET VERY TIGHT DEADLINES, IMPERATIVE TO ENLIST SUPPORT OF ALL ELEMENTS OF GOVERNMENT TO ACQUIRE RELEVANT INFORMATION SO THAT ANALYSIS CAN GO FORWARD EXPEDITIOUSLY. SUCH WORK ALREADY UNDERWAY IN WASHINGTON. OUR ABILITY TO MEET DEADLINE PRESCRIBED BY CONGRESS CAN BE EXPECTED TO HAVE SIGNIFICANT IMPACT ON CONGRESSIONAL REVIEW OF INTERNATIONAL INVESTMENT POLICY NOW UNDERWAY AND ON POSSIBLE REGULATORY LEGISLATION THAT MAY BE ENACTED. NUMEROUS BILLS AIMED AT IMPOSING RESTRICTIONS ON FREE FLOW OF FOREIGN INVESTMENTS TO U.S. NOW IN LEGISLATIVE HOPPER AND HEARINGS ALREADY HELD OR SCHEDULED ON SOME.

3. FOREIGN INVESTMENT STUDY ACT SPECIFICALLY REQUESTS COMPARISON OF U.S. LAWS, REGULATIONS, PROGRAMS AND POLICIES ON FOREIGN DIRECT INVESTMENT IN U.S. WITH THOSE OF SELECTED COUNTRIES, WHERE SUCH COMPARISONS MAY BE INFORMATIVE.

TO SUPPLEMENT INFORMATION ONLY PARTLY AVAILABLE IN WASHINGTON, EMBASSY REQUESTED TO FURNISH, IN AS MUCH DETAIL AS POSSIBLE, THE FOLLOWING ADDITIONAL INFORMATION ON DIRECT INVESTMENT AS IT PERTAINS TO THE SITUATION IN YOUR COUNTRY. EMBASSY MAY WISH TO REFER TO PREVIOUS REPORTING CABLES OR OTHER DOCUMENTS AVAILABLE IN WASHINGTON RELATING TO THESE SUBJECTS WHERE THESE REMAIN CURRENT.

4. A. LAWS AND REGULATIONS

--- (A) GENERAL POLICY OF HOST COUNTRY GOVERNMENT TOWARD FOREIGN DIRECT INVESTMENT, INCLUDING BASIC GOALS OF THAT POLICY.

--- (B) IDENTIFY AND SUMMARIZE MAJOR PROVISIONS OF UNCLASSIFIED

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EXISTING LAWS, REGULATIONS AND PROGRAMS WITH RESPECT TO INCOMING FOREIGN DIRECT INVESTMENT. FORWARD COPIES OF SUCH LAWS AND REGULATIONS IF AVAILABLE.

--- (C) INDICATE WHETHER FOREIGN DIRECT INVESTMENT IS SUBJECT TO SCREENING, MONITORING OR SPECIFIC CONTROLS AND IF THESE PROCEDURES ARE APPLIED ON NON-DISCRIMINATORY BASIS TO ALL FOREIGN INVESTORS REGARDLESS OF NATIONALITY. DESCRIBE INSTITUTIONAL FRAMEWORK WITHIN WHICH MONITORING OR SCREENING PROGRAMS ARE ADMINISTERED.

--- (D) INDICATE IF ANY DISTINCTION IS MADE BETWEEN INVESTMENT IN NEW ENTERPRISES AND TAKEOVERS OF EXISTING

DOMESTIC-OWNED COMPANIES.

--- (E) LIST INSTANCES WHERE APPLICATIONS BY FOREIGN INVESTORS HAVE BEEN RECENTLY REFUSED. IF SO, GIVE REASONS.

--- (F) INDICATE ANY SPECIAL INCENTIVES OFFERED FOR INVESTMENTS IN PARTICULAR INDUSTRIES, SECTORS OR GEOGRAPHICAL AREAS AND DEGREE OF SUCCESS OR FAILURE OF THESE PROGRAMS.

--- (G) INDICATE WHETHER FOREIGN-OWNED COMPANIES ONCE ESTABLISHED, ENJOY EQUAL TREATMENT WITH DOMESTIC ENTERPRISES. ALSO, ANY EFFECTS POSSIBLE RESTRICTIONS ON FOREIGN-OWNED FIRMS HAVE HAD ON INWARD DIRECT INVESTMENT.

5. B. INFORMATION GATHERING

--- (H) INDICATE EXTENT TO WHICH FOREIGN INVESTORS REQUIRED TO SUBMIT STATISTICAL AND OTHER DATA ON THEIR OPERATIONS TO GOVERNMENT AGENCIES; EFFORTS MADE TO KEEP

SUCH INFORMATION CURRENT; AND EXTENT AGENCIES ARE BOUND BY LAWS OF CONFIDENTIALITY FROM DISCLOSING COMPANY INFORMATION.

6. OPEC INVESTMENTS

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--- (I) STATE POLICY TOWARD DIRECT INVESTMENTS BY OPEC COUNTRIES. PROVIDE DATA ON SUCH INVESTMENTS ALREADY MADE, INCLUDING INDUSTRIES, SECTORS, ETC. IF POSSIBLE, INDICATE MOTIVES FOR THESE INVESTMENTS.

--- (J) INDICATE IF HOST GOVERNMENT CONTEMPLATING ANY CHANGES IN ITS PRESENT FOREIGN DIRECT INVESTMENT POLICY AS RESULT OF OPEC COUNTRY ATTEMPTS TO INVEST IN HOST COUNTRY. STATE CHANGES UNDER CONSIDERATION, E.G., NEGOTIATION OF VOLUNTARY AGREEMENTS WITH OPEC COUNTRIES PROVIDING FOR CONSULTATION WITH HOST COUNTRY GOVERNMENT BEFORE MAKING MAJOR DIRECT INVESTMENTS.

7. FOREGOING INFORMATION SHOULD REACH WASHINGTON NOT LATER THAN JUNE 30, 1975. EARLIER SUBMISSIONS WOULD OF COURSE BE MOST WELCOME. KISSINGER

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<< END OF DOCUMENT >>

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05 JUL 2006

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BONN
ROME
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BRUSSELS

STOCKHOLM
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OTTAWA
TOKYO
CANBERRA INFO OECD PARIS
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